

**NATCHITOCHES PARISH
FIRE PROTECTION DISTRICT NO. 6**

**FINANCIAL REPORT
DECEMBER 31, 2014**

Natchitoches Parish Fire Protection District No. 6
Financial Report
December 31, 2014

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NATCHITOCHES PARISH FIRE PROTECTION DISTRICT NO. 6

**114 Magnolia Avenue
Natchitoches, LA 71457**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Natchitoches Parish Fire District No. 6's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended December 31, 2014. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore be read in conjunction with this report. Certain comparative information is presented to provide an overview of the District's operations.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and presents a longer-term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the District's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

The services provided by the District are financed through a governmental fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District conducts its day-to-day operations through a governmental fund, the General Fund. These statements provide a short-term view of the District's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2014</u>	<u>2013</u>
ASSETS:		
Assets*	\$1,379,526	\$1,584,789*
Capital Assets, Net of Accumulated Depreciation	<u>1,521,203</u>	<u>1,113,697</u>
Total Assets	<u>\$2,900,729</u>	<u>\$2,698,486</u>
LIABILITIES:		
Accounts Payable	\$ 6,529	\$ 5,441
Payroll Liabilities	<u>3,416</u>	<u>2,060</u>
Total Liabilities	<u>\$ 9,945</u>	<u>\$ 7,501</u>
NET POSITION:		
Net Investment in Capital Assets	\$1,521,203	\$1,113,697
Unrestricted	<u>1,369,581</u>	<u>1,577,288*</u>
Total Net Position	<u>\$2,890,784</u>	<u>\$2,690,985*</u>

*2013 balances restated, see note 12

Summary of Statement of Activities

	<u>2014</u>	<u>2013</u>
REVENUES:		
Taxes*	\$628,604	\$600,211*
Intergovernmental	24,157	49,277
Interest & Miscellaneous	<u>9,504</u>	<u>8,689</u>
Total Revenues	\$662,265	\$658,177
EXPENSES:		
Public Safety	<u>462,466</u>	<u>404,178</u>
Change in Net Position	<u>\$199,799</u>	<u>\$253,999*</u>

- The District's assets exceeded its liabilities by \$2,890,784 for the year. For the prior year this was \$2,690,985.
- Unrestricted net position of \$1,369,581 represents the portion available to maintain the District's obligation to both citizens and creditors. This is a decrease of \$207,707 from prior year.

*2013 balances restated, see note 12

General Fund Budgetary Highlights

The actual revenues were more than the budgeted amount for the year by \$21,115. Actual expenditures were \$1,128 less than the budgeted amount.

Economic Factors and Next Years Budget

The primary revenue source for the District is property taxes. This tax is not subject to changes in the economy, in the short-term. However, in the long-term, significant increases/decreases in the tax base would be evident.

Contacting the Fire District

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at 114 Magnolia Avenue, Natchitoches, LA 71457.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

Natchitoches Parish Fire
Protection District No. 6
114 Magnolia Avenue
Natchitoches, LA 71457

We have audited the accompanying financial statements of the governmental activities and major fund of the Natchitoches Parish Fire Protection District No. 6 (District), a component unit of the Natchitoches Parish Government, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 4 be presented to supplement the basic financial statements. Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer on page 30 to supplement the financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, or Louisiana State Law, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison listed as required supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing

procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

May 14, 2015
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 6
Statement of Net Position
December 31, 2014

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 838,397
Revenue Receivable	<u>541,129</u>
Total Current Assets	\$1,379,526
Non-current Assets-	
Capital Assets (Net)	<u>1,521,203</u>
Total Assets	<u>\$2,900,729</u>
LIABILITIES:	
Accounts Payable	\$ 6,529
Payroll Liabilities	<u>3,416</u>
Total Liabilities	<u>\$ 9,945</u>
NET POSITION:	
Net Investment in Capital Assets	\$1,521,203
Unrestricted	<u>1,369,581</u>
Total Net Position	<u>\$2,890,784</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Statement of Activities
December 31, 2014

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Public Safety	\$462,466	\$0	\$24,157	\$0	\$ (438,309)
General Revenues:					
Taxes:					
Property Taxes					\$ 528,288
Revenue Sharing					24,635
Parcel Fee					75,681
Miscellaneous:					
Interest					3,405
Other					<u>6,099</u>
Total General Revenues					\$ <u>638,108</u>
Change in Net Position					\$ 199,799
Net Position January 1, 2014*					<u>2,690,985</u>
Net Position December 31, 2014					<u>\$2,890,784</u>

*Restated, see note 12

FUND FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 6
Balance Sheet-Governmental Fund
December 31, 2014

Assets:

Cash & Cash Equivalents	\$ 838,397
Revenue Receivable	<u>541,129</u>
Total Assets	<u>\$1,379,526</u>

Liabilities:

Accounts Payable	\$ 6,529
Payroll Liabilities	<u>3,416</u>
Total Liabilities	\$ 9,945

Fund Balance:

Unassigned	<u>1,369,581</u>
Total Liabilities and Fund Balance	<u>\$1,379,526</u>

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2014

Total Fund Balance for the Governmental Fund at December 31, 2014	\$ 1,369,581
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Total Net Position reported for Governmental Activities
in the Statement of Net Position is different because:

Capital Assets used in Governmental Activities are not
financial resources and, therefore, are not reported
in the Governmental Fund Balance Sheet.
Those assets consist of:

Land, Equipment, Buildings, and Vehicles	3,510,939
Less, Accumulated Depreciation	<u>(1,989,736)</u>

Total Net Position of Governmental Activities at December 31, 2014	<u>\$ 2,890,784</u>
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Natchitoches Parish Fire Protection District No. 6
Statement of Revenues, Expenditures and Changes in Fund Balance-
Governmental Fund
Year Ended December 31, 2014

REVENUES:

Taxes/Fees-	
Ad Valorem Tax	\$ 528,288
Parcel Fee	75,681
Intergovernmental-	
Revenue Sharing	24,635
Fire Insurance Rebate	24,157
Miscellaneous-	
Interest	3,405
Other	<u>6,099</u>
 Total Revenues	 <u>\$ 662,265</u>

EXPENDITURES:

Current-	
Public Safety-	
Insurance	\$ 52,795
Office Expense	19,352
Telephone & Utilities	13,902
Maintenance & Supplies	75,714
Wages & Benefits	156,228
Capital Expenditures	<u>551,981</u>
 Total Expenditures	 <u>\$ 869,972</u>

Deficiency of Revenues over Expenditures	\$ (207,707)
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Fund Balance-Beginning of Year*	<u>1,577,288</u>
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Fund Balance-End of Year	<u>\$1,369,581</u>
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*Restated, see note 12

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2014

Net Change in Fund Balance-Governmental Fund	\$ (207,707)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report Capital Outlays as current expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is	551,981
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(144,475)</u>
Change in Net Position per Statement of Activities	<u>\$ 199,799</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

1. Introduction:

Natchitoches Parish Fire Protection District No. 6 was created by the Natchitoches Parish Government, by ordinance in June 1982, under the provisions of Louisiana Revised Statutes 40:1492-1501, for the purpose of providing fire protection to the citizens of the District. The District is governed by a Board of Commissioners who are resident property taxpayers of the District. The commissioners are approved/appointed by the Natchitoches Parish Government. The District was created to acquire and maintain buildings, machinery, equipment, water tanks, water hydrants and water lines, and any other such things necessary to provide proper fire protection and control within the District.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Natchitoches Parish Fire Protection District No. 6 conform to generally accepted accounting principles as applicable to governmental units. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

A. Reporting Entity-

As the governing authority of the Parish, for reporting purposes, the Natchitoches Parish Government is the financial reporting entity for Natchitoches Parish. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Natchitoches Parish Government for financial reporting purposes. The basic criteria for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Parish Government to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Parish Government.
2. Organizations for which the Parish Government does not appoint a voting majority but are fiscally dependent on the Parish Government.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Government created by ordinance Fire District No. 6, the District was determined to be a component unit of the Natchitoches Parish Government, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish Government, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Net Position presents the governmental-type activities on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting-

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District maintains only one fund. It is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

The major fund of the District is described below:

Governmental Fund-

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Furniture, computers	5 years
Firefighting equipment	10 years
Ladders, hoses, airpaks	7 years
Radios	10 years
Fire trucks	15 years
Other vehicles	5 years
Buildings	40 years

F. Equity Classifications-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$1,369,581. If applicable, the District would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

G. Budget-

Prior to the beginning of each fiscal year, the Natchitoches Parish Fire Protection District No. 6 adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

H. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reported period. Actual results could differ from those estimates.

3. Cash and Cash Equivalents:

The cash and cash equivalents of the Natchitoches Parish Fire Protection District No. 6 are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

Bank account balances at December 31, 2014, totaled \$838,401, and of this amount \$250,000 was secured by FDIC Insurance. The remaining amount of \$588,401 was secured with pledged securities from MidSouth Bank.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

4. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2014, is as follows:

<u>Governmental Activities</u>	<u>Balance 01-01-14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-14</u>
Capital Assets Not Depreciated:				
Land	\$ 78,950	\$ 0	\$ 0	\$ 78,950
Construction in Progress	<u>79,590</u>	<u>0</u>	<u>79,590</u>	<u>0</u>
Total Capital Assets Not Depreciated	<u>\$ 158,540</u>	<u>\$ 0</u>	<u>\$ 79,590</u>	<u>\$ 78,950</u>
Capital Assets Depreciated:				
Equipment	\$ 537,630	\$ 4,303	\$ 0	\$ 541,933
Vehicles	1,901,724	33,251	100,025	1,834,950
Buildings	<u>461,089</u>	<u>594,017</u>	<u>0</u>	<u>1,055,106</u>
Total Capital Assets Depreciated	<u>\$2,900,443</u>	<u>\$631,571</u>	<u>\$100,025</u>	<u>\$3,431,989</u>
Total Assets	<u>\$3,058,983</u>	<u>\$631,571</u>	<u>\$179,615</u>	<u>\$3,510,939</u>
Less, Accumulated Depreciation:				
Equipment	\$ 408,271	\$ 40,291	\$ 0	\$ 448,562
Vehicles	1,417,577	85,602	100,025	1,403,154
Buildings	<u>119,438</u>	<u>18,582</u>	<u>0</u>	<u>138,020</u>
Total Depreciation	<u>\$1,945,286</u>	<u>\$144,475</u>	<u>\$100,025</u>	<u>\$1,989,736</u>
Net Capital Assets	<u>\$1,113,697</u>	<u>\$487,096</u>	<u>\$ (79,590)</u>	<u>\$1,521,203</u>

Depreciation expense of \$144,475 was charged to the public safety function.

5. Compensated Absences:

Employees of the District do not carry forward leave from year to year, therefore no entry is made to record compensated absences.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

6. Ad Valorem Taxes/Parcel Fee:

The District levies taxes on real and business personal property located within the boundaries of Natchitoches Parish Fire District No. 6. Property taxes are levied by the District on property values assessed by the Natchitoches Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Natchitoches Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 1
Levy date	June 30
Tax bills mailed	October 15
Total taxes are due	December 31
Penalties and interest added	January 31
Lien date	January 31
Tax Sale	May 15

The District is permitted to levy taxes up to 10% of the assessed property valuation for each specified purpose or, in the aggregate for all purposes 25% of the assessed valuation for the payment of principal and interest on long-term debt after the approval by the voters of the District. Property taxes are recorded as receivables and revenues in the year assessed.

Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value:

10% land	15% machinery
10% residential improvements	15% commercial improvements
15% industrial improvements	25% public service properties, excluding land

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2012. Total assessed value was \$66,649,310 in 2014. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$12,074,580 of the assessed value in 2014. For the year ended December 31, 2014, taxes of 10.0 mills were levied on the property and dedicated to fire protection.

In addition to property taxes, the residents of Fire District No. 6, of Natchitoches Parish voted on and approved a proposition in 2010 to levy and collect an annual parcel fee of \$25 on each lot on which a structure is located. The purpose of this assessment is to provide funds for acquiring, constructing, and maintaining fire protection facilities and equipment. The parcel fees attach as an enforceable lien and are levied in the same manner as property taxes described above. For the year ended December 31, 2014, fees of \$78,925 were levied of which the entire amount is included as revenue for the year.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

7. Pension Plan:

Substantially all employees of Fire Protection District No. 6 of Natchitoches Parish are members of the Louisiana Firefighters Retirement System (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees.

Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System annually issues a publicly-available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters Retirement System, Post Office Box 95095, Baton Rouge, Louisiana 70804, or by calling (504) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 28.25 percent of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System for the years ending December 31, 2014, 2013, and 2012 were \$6,484, \$5,644 and \$5,098, respectfully.

8. Pending Litigation:

There were no civil suits seeking damages against the District outstanding at December 31, 2014.

9. Related Party Transactions:

The District had no identified related party transactions for the year ended December 31, 2014.

Natchitoches Parish Fire Protection District No. 6
Notes to Financial Statements
December 31, 2014

10. Compensation Paid to Board Members:

The members of the Board of Commissioners of the District receive no compensation for their services.

11. Receivables:

The following is a summary of receivables at December 31, 2014:

<u>Class of Receivable</u>	<u>General Fund</u>
Taxes-	
Ad Valorem	\$489,475
Parcel Fee	<u>51,654</u>
Total	<u>\$541,129</u>

Substantially all receivables are considered to be fully collectible, and no allowance for uncollectibles is used.

12. Restatement of Fund Balance/Net Position:

During 2014, an accounting adjustment was made that required the restatement of net position/fund balance.

	<u>Net Position</u>	<u>Fund Balance</u>
Balance - January 1, 2014	\$2,821,146	\$1,707,449
Prior Period Adjustment	<u>(130,161)</u>	<u>(130,161)</u>
Balance - January 1, 2014 (as restated)	<u>\$2,690,985</u>	<u>\$1,577,288</u>

The restatement of \$130,161 is to correct prior year revenue receivables. Accrual for property tax was miscalculated in prior year.

13. Subsequent Events:

Management has evaluated events through May 14, 2015, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Natchitoches Parish Fire Protection District No. 6
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2014

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes-				
Ad Valorem	\$ 435,000	\$ 540,000	\$ 528,288	\$ (11,712)
Parcel Fee	52,000	52,000	75,681	23,681
Intergovernmental-				
Revenue Sharing	0	16,500	24,635	8,135
Grant - Local	1,000	0	0	0
Fire Insurance Rebate	23,000	24,000	24,157	157
Miscellaneous-				
Interest	3,200	2,600	3,405	805
Other	<u>4,000</u>	<u>6,050</u>	<u>6,099</u>	<u>49</u>
Total Revenues	\$ <u>518,200</u>	\$ <u>641,150</u>	\$ <u>662,265</u>	\$ <u>21,115</u>
EXPENDITURES:				
Current-				
Public Safety-				
Insurance	\$ 35,000	\$ 35,000	\$ 52,795	\$ (17,795)
Office Expense	86,750	76,000	19,352	56,648
Telephone & Utilities	13,900	13,500	13,902	(402)
Maintenance & Supplies	0	40,600	75,714	(35,114)
Wages & Benefits	89,500	140,000	156,228	(16,228)
Capital Expenditures	<u>488,000</u>	<u>566,000</u>	<u>551,981</u>	<u>14,019</u>
Total Expenditures	\$ <u>713,150</u>	\$ <u>871,100</u>	\$ <u>869,972</u>	\$ <u>1,128</u>
Deficiency of Revenues over Expenditures	\$ (194,950)	\$ (229,950)	\$ (207,707)	\$ 22,243
Fund Balance-Beginning of Year*	<u>1,577,288</u>	<u>1,577,288</u>	<u>1,577,288</u>	<u>0</u>
Fund Balance-End of Year	<u>\$1,382,338</u>	<u>\$1,347,338</u>	<u>\$1,369,581</u>	<u>\$ 22,243</u>

*Restated, see note 12.

See notes to financial statements.

Natchitoches Parish Fire Protection District No. 6
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2014

Agency Head Name: Dan Dyess, Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$0
Benefits-Insurance	0
Benefits-Retirement	0
Deferred Compensation	0
Benefits-Other	0
Car allowance	0
Vehicle provided by government	0
Cell phone	0
Dues	0
Vehicle rental	0
Per diem	0
Reimbursements	0
Travel	0
Registration fees	0
Conference travel	0
Housing	0
Unvouchered expenses	0
Special meals	0
Other	<u>0</u>
Total	<u>\$0</u>

See notes to financial statements.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation

Roger M. Cunningham, CPA - A Professional Corporation

Jessica H. Broadway, CPA - A Professional Corporation

Ryan E. Todtenbier, CPA - A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Natchitoches Parish Fire
Protection District No. 6
114 Magnolia Avenue
Natchitoches, LA 71457

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Natchitoches Parish Fire Protection District No. 6's (District) basic financial statements and have issued our report thereon dated May 14, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings as item 14-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Natchitoches Parish Fire Protection District No. 6's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of audit findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

May 14, 2015
Natchitoches, Louisiana

Natchitoches Parish Fire Protection District No. 6
Schedule of Audit Findings
Year Ended December 31, 2014

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unmodified opinion was issued on the financial statements of the Natchitoches Parish Fire Protection District No. 6 as of and for the year ended December 31, 2014.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

14-01 Segregation of Duties

Criteria - The District should have employees available to execute the ongoing duties related to financial matters.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - The District does not have a sufficient number of employees to adequately separate accounting duties or to prepare the District's annual financial statements with related note disclosures.

Recommendation - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the District to have our independent auditors prepare our annual financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Natchitoches Parish Fire Protection District No. 6
Schedule of Audit Findings
Year Ended December 31, 2014

III. PRIOR YEAR AUDIT FINDINGS

13-01 Segregation of Duties

Condition - The District does not have employees to prepare the annual financial statements with related note disclosures.

Status - As of December 31, 2014, this finding is unresolved, see Note 14-01.